



# City of NORFOLK

C: Dir., Department of Utilities

To the Honorable Council  
City of Norfolk, Virginia

October 23, 2012

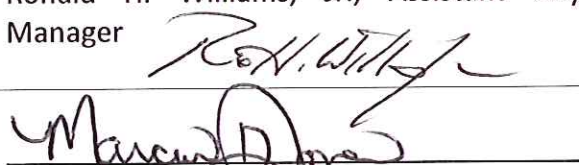
From: Kristen M. Lentz, P.E., Director of Utilities

**Subject:** Ordinance requesting write-off of non-collectible utility bills for Fiscal Year 2009

Reviewed: Ronald H. Williams, Jr., Assistant City Manager

**Ward/Superward:** N/A

Approved:

  
Marcus D. Jones, City Manager

**Item Number:**

**R-3**

- I. **Recommendation:** Adopt Ordinance
- II. **Applicant:** Norfolk Department of Utilities
- III. **Description**
- IV. **Analysis**

This agenda item is a proposed ordinance authorizing the Director of Finance to credit the accounts of the Department of Utilities with \$1,144,927.74, the amount of non-collectible water charges, utility taxes, refuse disposal, wastewater collection and storm water fees for Fiscal Year 2009.

Extensive efforts are directed towards collection of delinquent inactive accounts. A reminder notice is sent if the customer's final bill is not paid. Additionally, the City participates in the State Debt Set-Off Program. This program allows the City to offset the outstanding bills against State tax refunds and lottery winnings owed to the customer. Some modification to standard practices was required in FY 09 due to the implementation of HRSD's new billing system. Lingering communication issues between billing systems prevented records from being sent to a third party collection agency. In spite of this challenge, the department still maintained a collection rate of 99.12%.

The City's collection efforts also include placing liens against properties and seeking personal judgments through the court system. Property liens reflect against the debtor's name when title searches are performed on any property the debtor has or acquires later and prevent properties from being sold until the outstanding debt is satisfied. In accordance with the Code of Virginia (VA Code Ann. § 8.01-246 (4), judgments are sought within three (3) years for outstanding debt. The Department of Utilities attempts to locate current

addresses, of debtors, by utilizing information from the U.S. Postal Service, Department of Motor Vehicles (DMV), Equifax and Hampton Roads Sanitation District (HRSD) systems. *Once judgment is awarded in District Court, it is also filed in Circuit Court, sustaining the life of the judgment for twenty years.* At the end of the three year period, all internal resources have been exhausted and the ability to recover outstanding debt diminishes significantly. Therefore, it is the City's policy to remove the uncollected utility bills of this age from the accounts receivable. The total dollar amount of \$1,144,927.74 for non-collectible balances for Fiscal Year 2009 is 0.88% of the total billed revenue of \$129,584,043.06. Uncollectible past due amounts of approximately 1% are typical for water utilities in this area.

In response to questions posed by Council last year, the Department of Utilities, once again, researched selling uncollectible debt. Of the six responses received, only one vendor indicated that they were willing to purchase the debt. Further discussions with them revealed that the amount they were willing to pay did not justify the transaction.

**V. Financial Impact**

Each year, the Water and Wastewater Funds set up reserve accounts for estimated non-collectible balances based upon a three-year historical trend. After these accounts are approved for write-off, the amounts are offset against their respective reserve accounts and do not impact the current budget.

**VI. Environmental**

N/A

**VII. Community Outreach/Notification**

Public notification for this agenda item was conducted through the City of Norfolk's agenda notification process.

**VIII. Board/Commission Action**

N/A

**IX. Coordination/Outreach**

This letter has been coordinated with the City Attorney's Office, the Department of Utilities, the Department of Public Works and the Department of Finance.

Supporting Material:

- Ordinance

mr10/10/12

Form and Correctness Approved

By [Signature]  
Office of the City Attorney

NORFOLK, VIRGINIA

Pursuant to Section 72 of the City Charter, I hereby certify that the money required for this item is in the city treasury to the credit of the fund from which it is drawn and not appropriated for any other purpose.

\$ 1,144,927.74 Various  
Account  
[Signature] 10/15/12  
Director of Finance Date

Contents Approved:

By [Signature]  
DEPT.**ORDINANCE No.**

R-3  
AN ORDINANCE AUTHORIZING THE DIRECTOR OF FINANCE TO CREDIT VARIOUS ACCOUNTS OF THE DEPARTMENT OF UTILITIES IN THE TOTAL AMOUNT OF \$1,144,927.74 SO AS TO REFLECT UNCOLLECTIBLE BALANCES FOR FISCAL YEAR 2009.

- - -

WHEREAS, payments for water service between the City of Norfolk, Department of Utilities, and water service customers are governed by a three-year statute of limitations pursuant to Virginia Code § 8.01-246 (4); and

WHEREAS, the Department of Utilities has endeavored to collect various water charges, utility taxes, refuse fees, wastewater collection fees, and storm water fees attributable to Fiscal Year 2009; and

WHEREAS, the efforts to collect these sums have been partially successful, leaving balances as follows:

Fiscal Year	Water Fees/ Charges	Utility Tax	Refuse Disposal	Wastewater Collection	Storm Water
2009	\$423,466.21	\$60,565.57	\$304,662.11	\$282,397.94	\$73,835.91

423,466.21  
60,565.57  
304,662.11  
282,397.94  
73,835.91  
1,144,927.74

WHEREAS, the total uncollectible revenue amount of \$1,144,927.74 is 0.88% of the total billed water revenue of \$129,584,043.06; and

WHEREAS, the aforesaid balance is now deemed uncollectible; now, therefore,

BE IT ORDAINED by the Council of the City of Norfolk:

Section 1: - That the Director of Finance is hereby authorized to credit the accounts of the Department of Utilities with the sum of \$1,144,927.74, said amount being, the total of all uncollectible water charges, utility taxes, refuse fees, wastewater collection fees and storm water fees for Fiscal Year 2009.

Section 2: - That this ordinance shall be in effect from and after its adoption.